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292, 51 Pac. 875; *Noble v. Amoretti*, 11 Wyo. 230, 71 Pac. 879. See also *Thomas v. Gay*, 169 U. S. 264; *Wagoner v. Evans*, 170 U. S. 588.

Securities of the United States may not be taxed by the States. *Weston v. City of Charleston*, 2 Pet. 449; *The Banks v. The Mayor*, 7 Wall. 16; *Bank v. Supervisors*, 7 Wall. 26. Correlatively, the United States cannot tax bonds issued by a State or one of its municipal bodies. *U. S. v. Baltimore, etc., R. Co.*, 17 Wall. 322; *Mercantile National Bank v. New York*, 121 U. S. 138, *dictum*. However, a legacy of United States bonds is not exempt from a State inheritance tax. *Plummer v. Coler*, 178 U. S. 115.

Incomes derived from the interest on federal securities are exempt from State taxation. *Bank of Kentucky v. Commonwealth*, 9 Bush (Ky.) 46; *Mosely v. State*, 115 Tenn. 52, 86 S. W. 714; *Opinion of Justices*, 53 N. H. 634. On the other hand, a federal tax cannot be imposed on the income derived from the bonds issued by a State or one of its municipalities. *Pollock v. Farmers' Loan & Trust Co.*, 157 U. S. 429.

The salary of a federal official may not be taxed by the States. *Dobbins v. Eric County*, 16 Pet. 435; *Purnell v. Page*, 133 N. C. 125, 45 S. E. 534. Nor may the federal government levy an income tax upon the salary of a State official. *Collector v. Day*, 11 Wall. 113.

Franchises granted by Congress cannot, without its consent, be taxed by the States. *California v. Central Pac. R. Co.*, 127 U. S. 1, 41; *Central Pac. R. Co. v. California*, 162 U. S. 91, 125; *Western Union Tel. Co. v. Visalia*, 149 Cal. 744, 87 Pac. 1023. A city may regulate the manner in which a telegraph company, operating under a federal franchise, shall conduct its business within the city limits, but the city cannot grant an independent franchise so as to subject the company to taxation. *Western Union Tel. Co. v. Lakin*, 53 Wash. 326, 101 Pac. 1094, 17 Ann. Cas. 718.

That a State may not, in the exercise of its reserved powers, interfere with a federal governmental agency was settled once and for all in the famous case of *McCulloch v. Maryland*, 4 Wheat. 316, where the federal agency, whose activity the State had attempted to interfere with by taxation, was an agency neither essential to the National Government nor expressly provided for by the Constitution. The power to establish a National Bank was an implied power. *A fortiori*, for the States to attempt to interfere with a necessary agency of the federal government, such as the postal service, which is expressly provided for in the Constitution, would seem to be objectionable and unconstitutional.

CORPORATIONS—SUBSCRIPTIONS TO STOCK INDUCED BY FRAUD.—The defendant was induced to subscribe to stock in a corporation by the false and fraudulent representations of the corporation's agent. Upon learning of the fraud, the defendant repudiated his subscription and sought to rescind. There were no equities of subsequent creditors to be considered, nor were there other subscriptions made on the faith of the defendant's subscription. The corporation becoming insolvent, a receiver was appointed and this suit was brought to recover an assess-

ment against the defendant's subscription. *Held*, the defendant is not liable. *Stalnaker v. Gum* (W. Va.), 104 S. E. 730.

It is well settled that, so long as a corporation is a going concern, a subscription to its stock induced by fraud is voidable at the option of the defrauded subscriber to the same extent, and subject to the same rules, as a contract between individuals would be. *Crumph v. United States Mining Co.*, 7 Gratt. (Va.) 352, 56 Am. Dec. 116; *Bradley v. Poole*, 98 Mass. 169, 93 Am. Dec. 144; *Newton National Bank v. Newbegin*, 74 Fed. 135, 33 L. R. A. 727.

Where, however, after the subscription and before the subscriber has taken steps to rescind, the equities of subsequent creditors intervene, different considerations are presented. In England the rule, which seems to be based wholly upon an interpretation of the Companies Act of 1862, is that the insolvency of the corporation absolutely bars the defrauded subscriber's release. *Oakes v. Turquand*, L. R. 2 H. L. 325, 344; *Henderson v. Royal British Bank*, 7 El. & Bl. 356. See 25 & 26 Vict. c. 89, § 23, *et seq.* The more liberal American rule is substantially as follows: that where the fraudulent subscription is promptly rescinded, before other shareholders have subscribed on the faith of it, and before creditors have, subsequently to such subscription, extended credit, then the subscriber may be released from liability. *Newton National Bank v. Newbegin*, *supra*; *Fear v. Bartlett*, 81 Md. 435, 32 Atl. 322, 33 L. R. A. 721; *Meholin v. Carlson*, 17 Idaho 742, 107 Pac. 755, 134 Am. St. Rep. 286. Thus where one was fraudulently induced to purchase shares of stock in an already insolvent bank which was closed shortly afterwards, his equity to have the sale rescinded was held superior to the equities of creditors who had not given credit on the faith of his subscription. *Morrissey v. Williams*, 74 W. Va. 636, 82 S. E. 509. But there must be no want of diligence on the part of the subscriber, either in discovering the fraud or in taking steps to repudiate his liability when the fraud is discovered. *Brown v. Allebach*, 166 Fed. 488; *Turner v. Grangers, etc., Ins. Co.*, 65 Ga. 649, 38 Am. Rep. 801; *Chamberlain v. Trogden*, 148 N. C. 139, 61 S. E. 628, 16 Ann. Cas. 177.

CRIMINAL LAW—VENUE—CONSTITUTIONALITY OF STATUTES REGULATING VENUE.—A State statute provided that where a crime is committed on a train, boat or other public conveyance, or at any station on the route, the accused may be prosecuted in any county through which the conveyance may pass during the trip or voyage. Defendant maintained that he could be tried only in the county in which the offense had been committed, as provided in the State Constitution. *Held*, the statute is contrary to that provision and unconstitutional. *State v. Reese* (Wash.), 192 Pac. 934.

In the above case, the legislature attempted to create the route of the public carrier into a "criminal district" entirely distinct from any county. This is a little different from the average statute of this kind, which provides merely that the State may prosecute in any county touched by the road, in case the particular *situs* and county of the crime cannot be discovered.